

# **Carl Moyer Memorial Air Quality Standards Attainment Program**

## **AUDIT REPORT**

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### **Northern Sierra Air Quality Management District Fiscal Years 2004/2005 – 2007/2008**

**Prepared by: Mobile Source Control Division  
Air Resources Board  
October 2009**

#### **Acknowledgements**

The Air Resources Board (ARB) audit team wishes to thank the participating Northern Sierra Air Quality Management District management and staff: Gretchen Bennitt, Ryan Murano, and Joe Fish.

The ARB staff included:

ARB management: Robert Cross, Scott Rowland, and Charles Kersey;  
ARB Carl Moyer Program audit team: Verna Brock, John Ellis, Gerald Grauman, Tim Hartigan (audit lead), Liz Ota, Robin Myers, and Laura Zaremba-Schmidt.  
ARB Carl Moyer Program District liaison: Lisa Jennings.

## Introduction

As part of the Air Resources Board's (ARB) ongoing review of the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program or CMP), ARB staff audited the Northern Sierra Air Quality Management District (Northern Sierra AQMD or District). The audit began in May 2009 with an entrance interview on May 12, 2009, and was conducted in accordance with the "Audit Process for Rural Districts" in ARB's Audit Policies and Procedures. These procedures are viewable at ARB's website: <http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>.

The audit reviewed the District's program fundamentals; examined their use of public funds; and assessed whether emission reductions were real, quantifiable, and surplus. ARB conducted this review of the District's Carl Moyer Program as part of its oversight responsibility specified in Health and Safety Code section 44291(d). The exit interview reviewing audit findings and recommendations was held on August 26, 2009.

### 1. Overall Assessment

ARB found that the Carl Moyer Program implemented by the Northern Sierra AQMD is achieving the expected emission reductions and is generally in compliance with State requirements. The audit resulted in three findings:

1. Complete, but late, expenditure of Carl Moyer Program Fiscal Year (FY) 2004/2005 funds.
2. Overpayment of \$5,940 of Carl Moyer Program Funds to grantees.
3. One match funded project (paid \$21,407) was found ineligible.

### 2. Scope of the Audit: FY 2004/2005 through FY 2007/2008

The scope of the audit covered FYs 2004/2005, 2006/2007, and 2007/2008. The District did not participate in the Carl Moyer Program during 2005/2006. For FY 2006/2007, the District accepted the minimum allocation and obtained a waiver for the match funding requirement. Over the scope of the audit the District accepted CMP grant award allocations and pledged matching funds as illustrated in Table 1 below.

Table 1: Northern Sierra AQMD Programs and Funds

FY	Program	Project	Administration	Total Grant	Matching Funds	Total
2004/2005	CMP	\$227,940	\$5,276	\$233,216	\$103,798	\$337,014
2005/2006	CMP	n/a	n/a	n/a	n/a	n/a
2006/2007	CMP	\$180,000	\$20,000	\$200,000	n/a	\$200,000
2007/2008	CMP	\$270,573	\$30,064	\$300,637	\$46,395	\$347,032

Note: Interest earned on Carl Moyer Program funds is not included in table

### 3. Summary of District Projects Funded and Selected for File Review

During the scope of the audit, the District funded Carl Moyer Program projects in the on-road and off-road source categories. The District met the match obligation by funding on-road, off-road, and infrastructure projects. The District also claimed in-kind match (based on district administration costs) for CMP FY 2004/2005. Table 2 lists a summary of the projects funded by the District over the scope of the audit.

Table 2: Northern Sierra AQMD Carl Moyer and Match Funded Projects

Program	Source Category	FY 2004/2005	FY 2006/2007	FY 2007/2008	Total
CMP	On-road	1	2	1	4
	Off-road	2	0	1	3
Match (AB 2766 funds)	On-road	1	0	0	1
	Off-road	1	0	0	1
	Infrastructure	1	0	0	1
Total		6	2	2	10

Table 3 provides a list of project files reviewed by the audit team. These files were selected to provide a sample of the District's projects. Four projects were selected: two on-road and two off-road projects. The projects were a mix of both CMP and match funded projects.

Table 3: List of Projects Reviewed

Project Name	Project Number	FY	Funding Source	Source Category
Hansen Brothers	CMP 2007-04	2004/2005	CMP	Off-Road
Robinson Enterprises	CMP40CM 2006-04	2004/2005	CMP	Off-Road
Heavy Equipment, Inc.	CMP 2008-03	2006/2007	CMP	On-Road
Plumas Unified School District	AB 2007-09	2007/2008	Match (AB 2766)	On-Road

### 4. Findings, Conditions, and Required Actions

Table 4 describes the audit findings, conditions, and required district actions. "Findings" are brief descriptions of the District's practices that are inconsistent with one or more of the following:

- State requirements under Health and Safety Code sections 44275 through 44299.2.
- Carl Moyer Program Guidelines (2003 and 2005 versions) (<http://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>).
- Carl Moyer Program advisories.
- Carl Moyer Program Grant Award and Authorization requirements.
- Northern Sierra AQMD's written policies and procedures, including its contracts with the engine owners/grant recipients.

“Conditions” are detailed descriptions of the District’s practices observed by ARB audit staff during the audit. “Required Actions” are the minimum actions the District must take to mitigate the findings.

Table 4: Findings, Conditions, and Required Action

<b>Finding 1</b>	<b>Complete, but late, expenditure of CMP FY 2004/2005 Funds</b>	<b>Required Action</b>
Condition	<p>The District did not meet the June 30, 2007, deadline to expend CMP FY 2004/2005 funds (2005 Carl Moyer Program Guidelines, Program Administration Chapter, Part A, Section II F, Expenditures, pages II-12). As of the deadline, \$204,592.92 of the total required \$331,738 was expended. The remaining funds were fully expended by August 21, 2007.</p> <p>The District has met the subsequent FY 2006/2007 expenditure deadline.</p>	<p>The District held payment on one project (Hansen Brothers CMP 2007-04) in anticipation of acquiring an appropriate retrofit device. The district paid the repower portion of this project on August 21, 2007, soon after the expenditure deadline. ARB approved a retrofit waiver for this project on October 10, 2007.</p> <p>No mitigation of this finding is required.</p>
<b>Finding 2</b>	<b>Overpayment of Program Funds</b>	<b>Required Action</b>
Condition	<p>The District overpaid CMP funds on two of the four projects evaluated. Project “Robinson Enterprises 2004-06” was paid \$510 more than the maximum grant amount (2003 CMP Guidelines, Chapter 3 Off-Road Equipment, Emission Reduction and Cost Effectiveness, pages 54-57). Project “Heavy Equipment CMP 2008-03” was paid \$5,440 for an extended warranty, which is a disallowed cost (2005 CMP Guidelines, Program Administration Chapter, Section X Expenditure Requirements, pages II-38).</p>	<p>The District must ensure that project invoices are properly reviewed and that only eligible expenses are paid. The District must replace \$5,950 of overpaid funds with expenditures of District non-CMP funds on other CMP-eligible projects no later than the FY 2009/2010 (CMP Year 12) expenditure deadline of June 30, 2012.</p> <p>The District must provide the details of the replacement projects to ARB audit staff for approval. The District shall then provide quarterly updates to their ARB liaison until this finding is fully mitigated.</p>

Table 4: Findings, Conditions, and Required Action (continued)

Finding 3	Ineligible Match Funded Project	Required Action
Condition	<p>The District paid \$21,407 of CMP funds for project "Plumas Unified School District AB 2007-09". The District did not, however, factor other public funds pledged to this project into the cost-effectiveness calculation, which is a required element (2005 CMP Guidelines, Program Administration Chapter, II Funding Sources and Other Types of Carl Moyer Projects, Section D Cost Effectiveness, pages II-11). When those other funds are included in the calculation, the project becomes ineligible because it does not meet the cost-effectiveness cap of \$14,300 (2005 CMP Guidelines, Program Overview Chapter, Section J Other Revisions, pages I-8).</p>	<p>The District must ensure that projects claimed for match credit meet all Carl Moyer Program criteria. The District must replace this project with the expenditure of an equivalent cost CMP-eligible project(s) no later than the CMP FY 2009/2010 (CMP Year 12) expenditure deadline of June 30, 2012. The District reports that it has identified such a project and is currently in the process of completing a contract.</p> <p>The District must provide the details of the replacement projects to ARB audit staff for approval. The District shall then provide quarterly updates to their ARB liaison until this finding is fully mitigated.</p>

### 3. Recommendations

The District should consider improving the current implementation of the Program as noted in Table 5 below. Recommendations do not require a response from the District, although it may choose to comment in its written response to this audit report.

Table 5: Audit Recommendations

<b>Recommendation 1: Regular Updates of the CARL</b>
The District should update the CMP database, CARL, regularly throughout the project process with any data that changes, such as new information from pre or post-inspections.
<b>Recommendation 2: Improve Project File Documentation</b>
The District should ensure that project files contain documentation of issues encountered throughout the project process, such as relevant notes, emails, and faxes. The goal is that the project file documents the complete "story" of a project.

### 4. Resources

1. Air Resources Board Carl Moyer Program Website  
<http://www.arb.ca.gov/msprog/moyer/moyer.htm>
2. Air Resources Board Incentives Oversight Audit Website  
(Includes previous reports and Audit Policies and Procedures)  
<http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>